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# MARKET WATCH

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Below are excerpts from my weekly Market Watch radio spots.  
Market Watch is broadcast on over two dozen radio stations across Western Canada.

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## **Tracking Fertilizer Prices – November 4, 2019**

I often get questions about fertilizer prices and there are some open market traded prices you can follow to analyze fertilizer price patterns and trends.

The Chicago Mercantile Exchange Group has fertilizer futures and swap contracts based on nine locations around the world. In particular, there are futures contracts listed on granular urea for the US Gulf and diammonium phosphate in New Orleans, Louisiana.



While they are not very liquid and don't trade a lot yet, trading activity is increasing so they do provide some guidance to what prices may do in Canada. For instance, DAP fertilizer has dropped 20% since its recent highs in the summer while urea is down about 13% since then. Combined with other physical fertilizer price data, these futures prices may help you with some of your input cost decisions. As always with futures contracts, there will be difference between fertilizer futures price and your local input costs, so tracking local basis level is part of the price analysis process.

Bottom line, fertilizer futures are another market based pricing reference and if liquidity and trading volume increases, they could become another commodity risk management tool. To find out more about farm hedging strategies, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## #1 Farm Risk: Marketing – November 18, 2019

Of all the risks in farming from production, financial, legal and human resources, farmers are most concerned about marketing.

A recent Farm Credit Canada survey studied "the risk concerns and management strategies of producers across Canada and the number one concern was marketing." Over eighty percent (82%) of respondents in the grain & oilseed sector identified [pricing] contracts as their primary strategy to mitigate commodity price risk – the most significant concern related to marketing. The other two main strategies for managing grain marketing risks were storage related:

- storing inventory if prices were below expectations
- storage for incremental selling



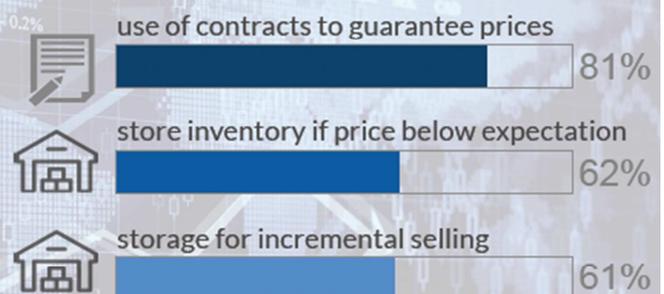
### MARKETING RISK

**74%** concerned\* with marketing risk overall

#### Top concerns



#### Top strategies



Source: FCC Vision panel survey on risk management

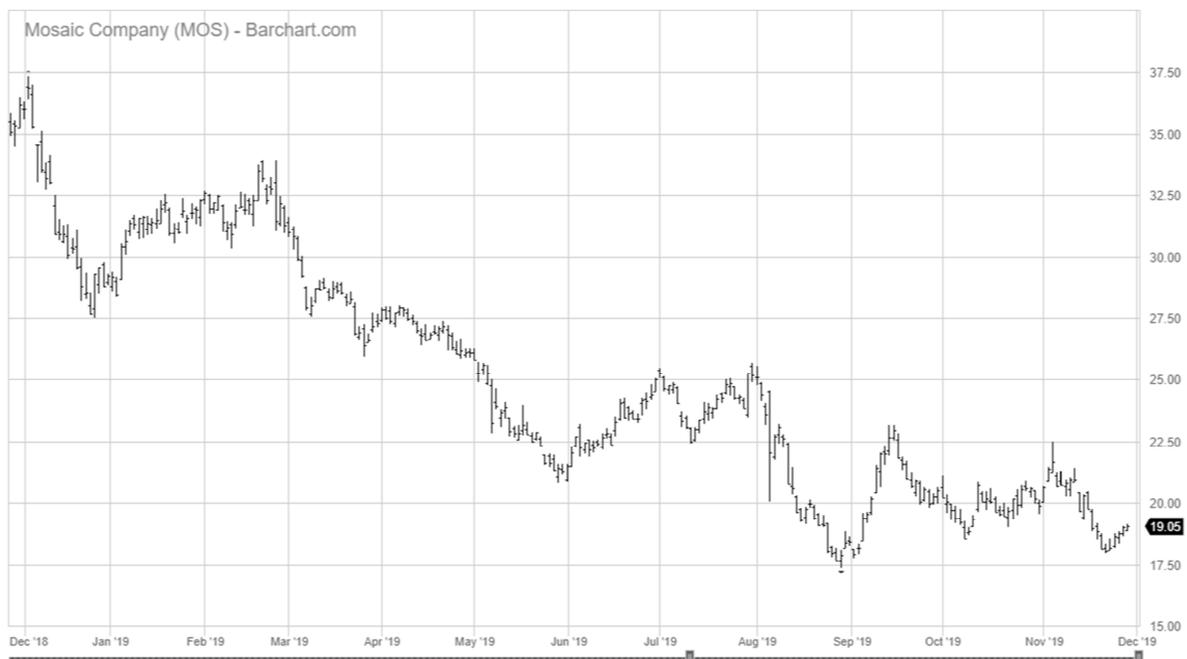
For all these strategies, options and futures can help you implement your marketing plan. In fact, almost a quarter of grain and livestock producers use futures to help manage their revenues.

Bottom line, whether it's hedging some production early in the crop year, selling grain off the combine at harvest time or storing it throughout the winter, you can use options & futures to protect your downside price risk and take advantage of marketing opportunities on the upside. To find out how to use hedging strategies throughout the year on your farm, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

## **A few more signs of weakness in the agriculture industry** **– November 25, 2019**

It's been a couple of challenging years for farming and it's showing in market prices surrounding major farm inputs. For instance, global fertilizer prices in general are down between 15% and 35% in the past year.

At the same time, a similar downtrend has been occurring in the stock prices of the companies that produce these inputs as well. The shares of The Mosaic Company are down 50% in the past year while Nutrien is down almost 10%. Recently Nutrien reported weak earnings and in September said that due to a short-term slowdown in global potash markets, it planned inventory shutdowns at three potash mines



Bottom line, whether this means fertilizer prices will keep going down or if the overall health of the farming industry is going to pick up remains to be seen. Regardless, managing farm revenues and marketing strategies will, as always, be important going forward. To find out how to use hedging strategies for last year's crop sitting in the bin or for next year's new crop, connect with me at 844-982-0011 or [commodity-options.ca](http://commodity-options.ca).

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